

104TH CONGRESS  
1ST SESSION

# H. R. 1149

To amend the Internal Revenue Code of 1986 to provide for the nonrecognition of gain on the sale of a principal residence if the taxpayer is unemployed.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 1995

Mr. LAZIO of New York (for himself, Ms. MOLINARI, Mr. FORBES, Mr. TRAFICANT, Mr. KING, Mr. FOX, of Pennsylvania, Mr. PACKARD, Mr. SAXTON, Mr. ACKERMAN, Mrs. MALONEY, Ms. LOFGREN, Mr. LIPINSKI, Mr. SERRANO, Mr. ENGLISH of Pennsylvania, and Mr. MCCRERY) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to provide for the nonrecognition of gain on the sale of a principal residence if the taxpayer is unemployed.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. NONRECOGNITION OF GAIN ON SALE OF PRIN-**  
4                       **CIPAL RESIDENCE IF TAXPAYER IS UNEM-**  
5                       **PLOYED.**

6       (a) IN GENERAL.—Subsection (d) of section 121 of  
7       the Internal Revenue Code of 1986 (relating to one-time

1 exclusion of gain from sale of principal residence by indi-  
2 vidual who has attained age 55) is amended by adding  
3 at the end the following new paragraph:

4 “(10) SPECIAL RULES FOR RESIDENCE SOLD  
5 DURING PERIOD OF UNEMPLOYMENT.—

6 “(A) IN GENERAL.—Subsection (a)(1)  
7 shall not apply to the sale or exchange of any  
8 residence during a period while the taxpayer or  
9 the taxpayer’s spouse is unemployed.

10 “(B) DETERMINATION OF UNEMPLOY-  
11 MENT.—For purposes of subparagraph (A), an  
12 individual shall be treated as unemployed dur-  
13 ing any period—

14 “(i) for which such individual is re-  
15 ceiving unemployment compensation (as  
16 defined in section 85(b)), or

17 “(ii) for which such individual would  
18 have been entitled to receive unemployment  
19 compensation (as so defined) but for—

20 “(I) the termination of the period  
21 during which such compensation was  
22 payable, or

23 “(II) an exhaustion of such indi-  
24 vidual’s rights to such compensation.

1 “(C) REDUCTION IN MAXIMUM EXCLU-  
2 SION.—In the case of a sale or exchange of any  
3 residence to which subparagraph (A) applies,  
4 the amount of the gain excluded from gross in-  
5 come under subsection (a) shall not exceed the  
6 excess (if any) of—

7 “(i) the applicable dollar amount con-  
8 tained in subsection (b)(1), over

9 “(ii) the aggregate amount of gain ex-  
10 cluded from gross income under subsection  
11 (a) with respect to all prior sales and ex-  
12 changes (other than a sale or exchange  
13 which is not taken into account by reason  
14 of subsection (b)(3)).

15 “(D) ADDITIONAL ELECTION.—Any elec-  
16 tion under this section with respect to any resi-  
17 dence to which subparagraph (A) applies shall  
18 not be taken into account in determining  
19 whether any other election may be made under  
20 this section.”

21 (b) EFFECTIVE DATE.—The amendment made by  
22 this section shall apply to sales and exchanges after the  
23 date of the enactment of this Act in taxable years ending  
24 after such date.

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